

March 15, 1983

LB 252

CLERK: Mr. President, Senator Schmit had an amendment found on page 693 that I understand he wishes to withdraw.

SPEAKER NICHOL: Is that correct, Senator Schmit?

SENATOR SCHMIT: Yes, Mr. President, I wish to withdraw those amendments. Senator Rod Johnson and I have another set of amendments which we will offer instead.

CLERK: Mr. President, I now have an amendment from Senator Rod Johnson and Senator Schmit. I believe copies have been distributed. Is that right, Senator?

SENATOR R. JOHNSON: Yes.

SPEAKER NICHOL: Senator Johnson is presenting amendments and will be presenting the bill. Let's tone down our conversation a little bit so we can hear him. Senator Johnson.

SENATOR R. JOHNSON: Mr. Speaker and members of the Legislature, these amendments that were passed around on your desk just recently are compromise amendments reached by the proponents of 252 and the Department of Banking. I would like to address them as I address the bill if it would be all right with the Chair. Basically, what this bill does is allow credit cooperatives the realistic opportunity to reorganize themselves as state chartered banks. Currently in our statutes there are some means for credit cooperatives to realign themselves as banks, however, there are some problems which I will touch on later. However, I would like to give you a brief history if I may of the credit cooperatives. They were formed in the wake of the depression and while most of them are gone, there are approximately twenty-five such credit cooperatives still remaining, four of which are in my legislative district. They are mostly rural and in communities located of less than 400 people. So as you can see, we are not dealing with a number of institutions. In order for a bank charter to be issued there has to be a public hearing in which the public convenience, necessity and advantage are promoted, and there also must be...the bank charter must also be approved by the FDIC which has a capitalization requirement of \$750,000. This capitalization requirement is far too high for the credit cooperatives and limits them from becoming a bank. So, basically, what this bill does is two things. It removes the hearing which would show public convenience, necessity and advantage, and removes the requirement to become a member of the FDIC. However, the Banking Department had some problems with this legislation.